

VI Year-End Closing - YEC and YEO Processes

The automated year-end close (YEC) and year-end open (YEO) processes are the last system managed year-end processes in the annual cycle. This chapter describes the automated CALSTARS process for closing the old year and opening the new year and the actions required by agencies. YEC and YEO processes are performed in two steps and are discussed separately.

Agencies should not begin YEC until all of the year-end financial reports have been completed and have been verified as correct. Prior year management and accounting/budget office reports must also have been requested, received and verified as valid. ***After YEC is complete, prior year reports may no longer be requested.***

REVERTED APPROPRIATIONS

Before executing YEC, agencies must verify that no current year activity has been posted to reverted appropriation accounts (i.e., prior-prior year, etc).

Determine the reverted appropriation accounts by reviewing a current Appropriation Symbol Table listing. Review the current month (FM=**CM**) B03, Control Report of Appropriation Status, and the B04, Detail Report of Appropriation Status, to verify that no activity has been recorded. If postings have occurred, corrections must be *posted* before beginning the automated YEC process.

CONTINUING APPROPRIATIONS

Before executing YEC, agencies must review the D18 (PY) Report to verify that the agency intends to have all encumbrances for continuing appropriations shown on the report rolled to the new FFY.

All encumbrances for continuing appropriations (Reversion Indicator **2** or **9**) will automatically roll to the new FFY following the YEC process. If the agency does not want encumbrances for a specific appropriation to automatically roll to the new FFY, the Reversion Indicator in the Appropriation Symbol Table must be changed to **0** prior to running the YEC process. The D18 Report lists all encumbrances for continuing appropriations that will be rolled to the new FFY during the YEC process. See sample D18 Report in Exhibit VI-1.

SET ORF, UNCLEARED COLLECTIONS, AND ALLOTMENT FILE PROCESSING INDICATORS

Depending on agency preferences, the following OC and AS Table system processing indicators may need to be changed before running the YEC process:

ORF FFY - The ORF FFY Indicator in the *new year* OC Table record is set as follows:

- N** - Do not increment the FFY/EY to the new FFY/EY on Office Revolving Fund documents (Fund 0998) during the automated YEC process. (A **blank** value is the same as **N**.)
- C** - Increment the FFY/EY to the new FFY/EY on Office Revolving Fund documents (Fund 0998) during the automated YEC process.

NOTE: If the Document Number/Suffix already exists in the new FFY, the old FFY document is not rolled to the new FFY.

UNCLEAR COLL FFY - The Uncleared Collections FFY Indicator in the *new year* OC Table record is set as follows:

- N** - Do not increment the FFY/EY to the new FFY/EY on Uncleared Collections documents (GLA 3730) during the automated YEC process. (A **blank** value is the same as **N**.)
- C** - Increment the FFY/EY to the new FFY/EY on Uncleared Collections documents (GLA 3730) during the automated YEC process.

NOTE: If the Document Number/Suffix already exists in the new FFY, the old FFY document is not rolled to the new FFY.

ALLOTMENT FILE PROCESSING - If allotments are used, the Allotment File Process Indicator in the AS Table must be set before executing YEC. This value should be the same for all AS Table records within a FFY. Agencies should also review open prior year AS records to insure this indicator is set properly. The values are:

- 1** - Carry forward allotment amounts equal to encumbrances remaining at year end.
- 5** - Carry forward allotment amounts equal to the unexpended amounts remaining at year end.
- 9** - Post inception-to-date and roll the allotment, encumbrance, expenditure and balance amounts forward.

A fourth Allotment File option is to discontinue carrying allotment balances forward into new years and discontinue posting information to prior year allotments. To use this option:

EXHIBIT VI-2
YEAR-END CLOSING CHECKLIST

Agency Name _____ Organization Code _____

Check the appropriate column. Your agency must correct all "NO" answers before YEC will be initiated. Discuss these items with the HOTLINE or the CALSTARS Analyst assigned to your agency, if needed.

Yes No N/A G01 Trial Balance

- | | | | |
|---|---|---|---|
| — | — | — | 1. The Federal Trust Fund contains NO Reimbursements (GLA 8100), unless scheduled in the Budget Act. True? |
| — | — | — | 2. Cost Allocation Clearing (GLA 6297) is zero in all funds. |
| — | — | — | 3. System Clearing (GLA 9998) is zero in all funds. |
| — | — | — | 4. Payroll Clearing (GLA 6201) is zero in all funds. |
| — | — | — | 5. All abnormal General Ledger account balances were verified. |
| — | — | — | 6. Claims-in-Process (GLA 3021) is zero in all funds. |
| — | — | — | 7. S01 Subsidiary General Ledger account balances equal the G01 Account balances. |
| — | — | — | 8. For Governmental Funds, all property is recorded by Fund Detail in the General Fixed Asset Group of Accounts, Fund 0997. |

B04 Appropriation Status

- | | | | |
|---|---|---|---|
| — | — | — | 9. The Clearing Account contains NO Reimbursement or Revenue postings. True? |
| — | — | — | 10. The Net Cost Allocation and SCO PFA Posted amounts are equal and show opposite signs for reverting appropriations. |
| — | — | — | 11. The Reserves, Accrued, and Cash (unremitted and in-transit) fields are zero for reverting appropriations. |
| — | — | — | 12. On the 'CM' fiscal period B03 and B04 reports, all fields are zero for reverting appropriations. (Any balances stop the closing process.) |

B06 Final Budget Report

- | | | | |
|---|---|---|---|
| — | — | — | 13. The CALSTARS B06 Report reconciles to Report No. 5, Final Reconciliation of Controller's Accounts with Final Budget Report. |
| — | — | — | 14. The expenditure balance is zero in the Clearing Account. |
| — | — | — | 15. No appropriation is overexpended after posting Budget Revisions/Executive Orders pending. True? |

D06 or D16 Document Report By Appropriation

- | | | | |
|---|---|---|--|
| — | — | — | 16. All reverting appropriation Accounts Receivable were reclassified to Accounts Receivable—Other (GLA 1319). |
| — | — | — | 17. All document report General Ledger Account balances agree with G01 Report General Ledger Account balances. |
| — | — | — | 18. The S01 Report Subsidiary File balances agree with Document File general ledger account balances. |

EXHIBIT VI-2 (Continued)

<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>FM 13 Reconciliations to SCO</u>
—	—	—	19. Reconciling items to SCO agree with Report Nos. 3, 5 and 15.
—	—	—	20. No CALSTARS reconciling items exist. True?
<u>Appropriation Symbol Table</u>			
—	—	—	21. Reversion indicators are set for all FFY's appropriately (0, 1, 2, or 9).
—	—	—	22. The D18 Report (PY) was reviewed and the agency desires to have all encumbrances for continuing appropriations shown on the report rolled to the new FFY.
<u>Budget Sequence Table</u>			
—	—	—	23. Budget Sequence Number 001 is established for all continuing appropriation items (one for each separate item).
<u>General Review</u>			
—	—	—	24. All Prior Year (FM13) reports were ordered and received.
—	—	—	25. You will verify that the beginning balances are carried forward correctly. (Request a final PY G01 Report after YEC but before YEO and compare it to a CM G01 Report, Report Period Option of "Y", requested after YEO.)
—	—	—	26. The Error Suspense File was reviewed and no prior year entries exist.
—	—	—	27. A Y01 Listing of Accruals to be Reversed in the New Year was received and reviewed.

I have reviewed my agency's CALSTARS reports and find them in agreement with all these checklist items.

(Typed or Printed Name of Accounting Officer)

(Signature)

(Date)

Mail to:
Department of Finance
CALSTARS Year-end Checklist
915 L Street (Mail Code A-15)
Sacramento, CA 95814-3701
Attn: Glen Wayne Cole

OBLIGATIONS (16) - Not posted.

MONTHLY ALLOCATED ENCUMBRANCES (20) - Not posted.

ANNUAL ALLOCATED ENCUMBRANCES (33) - Not posted.

PENDING REVISIONS (6) - Posted by TC 681.

NET COST ALLOCATION (18) and **SCO PFA POSTED (19)** - If the amounts in these two columns are not equal at year-end, TC 702 and TC 703 are generated to carry forward these amounts forward and posts them to "Net Cost Allocation (18)" and "SCO PFA Posted (19)", respectively.

ADVANCES (17) - Posted by TC 701.

ACCRUED ABATEMENTS (32) - Posted by TC 722. Posts to the original FFY.
(**NOTE:** This field is labeled Accrued Payables (32) on the B04.)

UNREMITTED ABATEMENTS (23) - Posted by TC 716. Posts to the current FFY if continuous appropriation.

IN-TRANSIT ABATEMENTS (26) - Posted by TC 719. Posts to the original FFY.

ACCRUED REIMBURSEMENTS (21) - Posted by TC 714. Posts to the original FFY.

UNREMITTED REIMBURSEMENTS (24) - Posted by TC 717. Posts to the current FFY if continuous appropriation.

IN-TRANSIT REIMBURSEMENTS (27) - Posted by TC 720. Posts to the original FFY.

ACCRUED REVENUE (22) - Posted by TC 715. Posts to the original FFY.

UNREMITTED REVENUE (25) - Posted by TC 718. Posts to the current FFY if continuous appropriation.

IN-TRANSIT REVENUE (28) - Posted by TC 721. Posts to the original FFY.

The CSY045 program also generates the following transactions which are not reflected on the B03 and B04 reports:

TC 654 - YEC-Load New SOY Payables-AP/GL File (re-establishes the new start of year payable based on the sum of accrued reimbursements, accrued revenue, and accrued payables).

TC 704 - YEC-Reverse SOY Enc-AP File Only (repost prior year start of year encumbrances as a reversal in the SOY-Encumbrance field of the AP File).

TC 723 - YEC-Reverse PY SOY Payable-AP File Only (reverse prior year AP-SOY payable in the AP File).

Move Encumbrances Of Continuing Appropriations To New FFY (Batch Type YZ)

All encumbrances of continuing appropriations are reported as expenditures at year-end. For ease of accounting, CALSTARS moves encumbrances of continuing appropriations to the current FFY. Encumbrances are automatically moved to the new FFY by the CSY050 and CSY051 programs as follows:

Generated Transactions

CSY050

For all records with a Reversion Indicator of **2** or **9**, the CSY050 program generates TC 212 or 213 transactions to close encumbrance documents in the old fiscal year. All of these transactions post with Batch Type **YZ**. The Current Document Number for these transactions is **CSY050DF-00** and the Reference Document Number is the liquidated document's Document Number.

CSY051

For all records with a Reversion Indicator of **2** or **9**, the CSY051 program generates TC 211, 212 or 213, 210 and/or TC 381 transactions to open the encumbrance documents in the new fiscal year. All of these transactions post with Batch Type **YZ**. The Current Document Number for these transactions is the original Document File Document Number and the Reference Document Number is **CSY051DF-00**.

Other File Activity

For records with Appropriation Symbols that are no longer in the AS Table, no transactions are generated. These records are printed on the CSY050-1 and CSY051-1 reports with the message "Bad Appn Sym".

Reports

The transactions generated by these programs are shown on the CSY050-1, Continuing Approp. Close Enc. In Old Year At Yec Report (Exhibit VI-13), and the CSY051-1, Continuing Approp. Repost Enc In New Year At Yec (Exhibit VI-13). In addition, the following messages may appear on the report:

<u>Message</u>	<u>Meaning</u>
BAD APPN SYM	The Appropriation Symbol on the encumbrance document is not in the old fiscal year's AS Table. Agencies must re-establish AS Table records for all documents without a valid Appropriation Symbol. If the re-established Appropriation Symbol has a Reversion

Cash Control File Carry Forward (Batch Type YO)

Cash Control File records are carried forward to the new year by the CFY052 program. This program performs the following:

Generated Transactions

This process generates the transactions to bring forward the balances within the Cash Control (CC) File. Batch Type **YO** is assigned to each transaction. The generated transactions are:

- TC 661 - Reload the available Federal Authorization in the current FFY. Note that a TC 661 is not generated if GLA 6245, Federal Authorization, is a negative amount.
- TC 662 - Reload the cash balance at the level of the SCO 44 account cash for Fund 0890, or reload the available cash balance for non-Federal funds.
- TC 663 - Reload the total unexpended appropriation cash of Fund 0890.
- TC 664 - Reload the ending SMIF balance into the current FFY.

These transactions are not generated if the D22 Descriptor Table Shared Fund Indicator = **S**.

Other File Activity

All activity from this program results from the system generated transactions described above. If the program is unable to generate a transaction due to one of the causes shown below, a message is displayed on the CFY052-1 Report.

Report

The transactions generated by this program are shown on the CSY052-1, Cash Control File Carry Forward Report (Exhibit VI-14) . In addition, the following messages may appear on the report:

<u>Message</u>	<u>Meaning</u>
FUND INACTIVE - PURGED	A Cash Control record was encountered with no current year activity and a prior year balance of zero. The record was <u>deleted</u> from the Cash Control File.
FUND INDICATOR INVALID - PURGED	The D22 Descriptor Table did not contain a valid Shared Fund Indicator for the fund. The record was <u>deleted</u> from the Cash Control File.
INVALID FUND - PURGED	The fund was not found on the D22 Descriptor Table. The record was <u>deleted</u> from the Cash Control File.

Operating File Carry Forward

Operating File records are carried forward to the new year by the CFY056 program. This program performs the following:

Generated Transactions

No transactions are generated by this process.

Other File Activity

Operating (OP) File balances from the prior year are carried forward to the current year as follows:

<u>Prior Year</u>		<u>Current Year</u>
CURRENT-BAL-PY13	MOVED TO	CURRENT-MONTH-PY13
CURRENT-BAL-PY13	ADDED TO	PRIOR-YEAR-BAL (PY1)
PRIOR-YEAR-BAL (PY1)	ADDED TO	PRIOR-YEAR-BAL (PY1) ^{a/}

^{a/} This step is not performed if the GLA is 6150, 6151 or 6160.

This process is performed by an internal program rather than by the generation of transactions. The prior year records are purged from the OP File after the process is complete.

If the program is unable to carry forward a record due to one of the causes shown below, a message is displayed on the CFY056-1 Report.

Report

The records carried forward by this program are shown on the CSY056-1, Operating File Purge Merge Report (Exhibit VI-15). The control key is defined in Exhibit VI-16. In addition, the following messages may appear on the report. The MSG codes and their messages are shown in the report header.

<u>Message</u>	<u>Meaning</u>
1= ZERO BAL PURGED	Any OP File record that contained zero balances for all prior years was <u>deleted</u> .
2= NO AS APPN SYM	An OP File record was found with no matching Appropriation Symbol in the AS Table. The OP File record was <u>deleted</u> .
3= GL6170 PURGED	All prior year OP File records related to Obligations were <u>deleted</u> . All Obligations should have been accrued at year end.
4= BAD TRANS YEAR	An OP File record with a Transaction Year older than the prior fiscal year was found. The OP File record was <u>deleted</u> .

EXHIBIT VI-16

OPERATING FILE CONTROL KEY

<u>FIELD NAME</u>	<u>START</u>	<u>LENGTH</u>
ORG-CODE	1	4
GL-ACCT-NO	5	4
D-I-TRANS-IND	9	1
INDEX	10	4
SECTION	14	2
SUB-SECTION	16	2
UNIT	18	2
SUB-UNIT	20	2
SUB-SUB-UNIT	22	2
LOCATION	24	6
FUND4	30	4
SUB-FUND4	34	4
FUND-SOURCE	38	1
METHOD	39	1
FUND-DETAIL-1	40	1
FUND-DETAIL	41	2
APPN-SYM	43	3
PROG	46	2
ELEM	48	2
COMPONENT	50	3
TASK	53	3
CHAR	56	1
REFERENCE	57	3
SEQUENCE	60	2
PCA-LEVEL-1	62	5
PCA-NO	67	5
PCA-TYPE	72	1
PCA-ACTIVITY	73	4
PROJ-TYPE	77	1
PROJ-NO	78	6
WORK-PHASE	84	2
CATEGORY	86	1
OBJECT	87	2
OBJ-DETAIL	89	3
AGCY-OBJ	92	2
ENACT-YR4	94	4
SOURCE	98	6
AGCY-SOURCE	104	2
FFY4	106	4
TRANS-YR4	110	4
MULTI-PURPOSE-CODE	114	12
CFIS-GL-ACCT-NO	124	4

HY File Purge

Online HY activity for the prior-prior fiscal year is purged as part of the YEO process. For additional information on the History File, refer to Volume 1, Chapter VII.

Open General Ledger (Batch Type YS)

When the *new year* OC Table Run YEC Indicator is set to **E** the CFY060-1, Year-end Open Verification Report, is issued. This one-page report contains one of two messages:

NEW YEAR OPEN WILL BE PROCESSED FOR YOUR ORGANIZATION

This message indicates the OC Table Run YEC Indicator **E** setting was accepted and the transactions generated from the process should be posted in the next system update;

OR

NEW YEAR OPEN PROCESS DID NOT RUN BECAUSE OF YEAR-END CLOSE ENTRIES ON THE ERROR FILE

YEO cannot begin if errors from YEC are on the Error Suspense File. If the new OC Table Run YEC Indicator is set to **E**, the CFY060-1 Report will be issued daily until YEC errors are cleared. Once corrections are made and successfully processed, the YEO process will start with no further action by the agency.

CALSTARS generates transactions to bring forward beginning general ledger balances:

TC 691 - YEC-To Load New Year **Debit Balance** - General Ledger File

TC 692 - YEC-To Load New Year **Credit Balance** - General Ledger File

The CFY048-1, General Ledger Open Report (Exhibit VI-19), shows the transactions that were generated to load beginning general ledger balances.